

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Neutral, note concerns
SPONSOR: Western United Dairyman

BILL NUMBER: SB 770
AUTHOR: D. Cogdill

BILL SUMMARY: Milk Pricing

This bill would specify a minimum price to be used in determining the cost of unprocessed milk for enforcement of the unlawful sale below cost practice.

FISCAL SUMMARY

The California Department of Food and Agriculture (CDFA) indicates this bill would not result in additional costs to the CDFA.

COMMENTS

Existing law prohibits the sale of milk below cost except for sales between handlers. Handlers receive, purchase, or otherwise acquire ownership, possession, or control of market milk in unprocessed form for the purpose of manufacturing, processing, or selling regardless if the market milk is produced within or outside of California.

This bill would specify the state's minimum price for market milk or cream as the price for establishing the value of milk for administration and enforcement of the sales below cost prohibitions.

The author's office states there are loopholes within the Unlawful Practices Act allowing milk produced outside of California to be priced below the California pool price. The intent of this bill is to eliminate pricing exceptions for milk produced outside of California.

Finance notes a concern that this bill could present a conflict between state and federal law because the regulation of commerce between states is a federal issue under the United States Constitution.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2006-2007	FC	2007-2008	FC	2008-2009	Code
8570/Food & Ag	SO	No	----- See Fiscal Summary -----						0001

Analyst/Principal (0221) J. McGuinn	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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